



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDATITLE: Adopt Resolution In Support of the Property Assessed Clean Energy (PACE) Protection Act of 2011

MEETING DATE: August 17, 2011

PREPARED BY: Community Development Department

RECOMMENDED ACTION: Adopt resolution in support of the Property Assessed Clean Energy (PACE) Protection Act of 2011.

BACKGROUND INFORMATION: Property Assessed Clean Energy (PACE) is a bipartisan local government initiative that allows property owners to finance energy-efficiency and renewable-energy projects for their homes and commercial buildings. Interested property owners opt-in to receive financing for improvements that is repaid through an assessment on their property taxes for up to 20 years. PACE financing spreads the cost of energy improvements such as weather sealing, insulation, energy efficient boilers and cooling systems, new windows, and solar installations over the expected life of the measures and allows for the repayment obligation to transfer automatically to the next property owner if the property is sold.

PACE emerged in 2008 with a pilot program in California and quickly caught the attention of communities around the country. In just two years, enabling legislation was passed in 23 states and is being considered in nearly 20 more. Early California programs in Sonoma County and Palm Desert were soon followed by ones in Boulder County, Colo. and in Babylon, N.Y.

Federal overreach, in a challenge to state and local government rights, has brought PACE to a standstill today despite its great promise. Like all municipal assessments, PACE assessments in arrears have a senior lien to mortgage payments in the event of a default. Recognizing this, PACE advocates began a dialogue in 2008 with Fannie Mae, Freddie Mac, and their regulator, the Federal Housing Finance Agency (FHFA) to find ways to address their concerns. Broad safeguards were developed as program guidelines by a working group that included the U.S. Department of Energy to ensure that PACE programs would be beneficial to building owners, municipalities, and mortgage lenders.

Notwithstanding these measures, on July 6, 2010, the FHFA issued a statement that directed Fannie Mae and Freddie Mac not to underwrite mortgages for properties with a PACE assessment. It further directed mortgage lenders to redline communities with PACE programs by tightening lending standards.

Before programs were stopped by the Federal Housing Finance Agency (FHFA), Fannie Mae, and Freddie Mac, over 2,000 homes and commercial buildings had used PACE to finance efficiency and renewable-energy projects.

APPROVED:

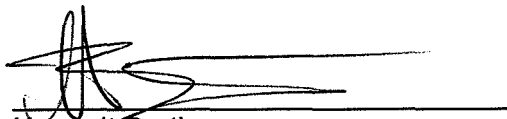

Konradt Bartlam, City Manager

The PACE Assessment Protection Act of 2011 (HR 2599) was introduced on July 20, 2011 in the House of Representatives by Congresswoman Nan Hayworth (R-N.Y.) and Congressmen Dan Lungren (R-Calif.) and Mike Thompson (D-Calif.), with the intent to prevent Fannie Mae, Freddie Mac, and other Federal residential and commercial mortgage lending regulators from adopting policies that contravene established state and local property assessed clean energy laws.

We are asking the City Council to support this federal legislation.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



Konrad Bartlam
Community Development Director

KB/jw

RESOLUTION NO. 2011-133

A RESOLUTION OF THE LODI CITY COUNCIL IN SUPPORT OF
THE PROPERTY ASSESSED CLEAN ENERGY (PACE)
ASSESSMENT PROTECTION ACT OF 2011

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WHEREAS, utility bills represent a major cost for home and business owners; and

WHEREAS, persistent unemployment, particularly in the construction industry, continues to burden our families and communities; and

WHEREAS, reliance on foreign energy sources continues to threaten America's economic recovery; and

WHEREAS, investing in cost-effective energy efficiency and renewable energy improvements to homes and businesses can cut utility bills, create thousands of local jobs, and reduce reliance on foreign energy sources; and

WHEREAS, the upfront cost and potentially long payback periods prevent property owners from making otherwise cost-effective clean energy improvements; and

WHEREAS, Property Assessed Clean Energy (PACE) financing programs are an innovative, voluntary local government solution that requires no general taxes or public funding to help property owners finance energy efficiency and renewable energy improvements – such as energy efficient boilers, upgraded insulation, new windows, solar installations, etc., to their homes and businesses; and

WHEREAS, twenty-seven states and the District of Columbia have passed laws enabling local governments to develop PACE programs; and

WHEREAS, despite PACE's great promise, the Federal Housing Finance Agency and the Office of the Comptroller of the Currency on July 6, 2010, issued unwarranted statements that immediately forced certain existing PACE programs to halt operations and froze the development of hundreds of other PACE programs nationwide.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council urges Representative Jerry McNerney to support the PACE Assessment Protection Act of 2011 (H.R. 2599) to restore the promise of PACE.

Dated: August 17, 2011

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I hereby certify that Resolution No. 2011-133 was passed and adopted by the Lodi City Council in a regular meeting held August 17, 2011, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, Mounce, Nakanishi, and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk